

**Memorandum of Agreement between the Local Federal Coordinating  
Committee (LFCC), Northeast Ohio Combined Federal Campaign  
(NEOCFC) and  
The Principal Combined Fund Organization (PCFO),  
(TBD)**

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**I. BACKGROUND**

The mission of the Combined Federal Campaign (CFC) is to support and to promote philanthropy through a program that is employee-focused, cost-efficient and effective in providing all Federal employees the opportunity to improve the quality of life for all. Federal employees created the CFC—one campaign, once a year. By allowing employees to select the organizations of their choice from a single brochure and to make their contributions through payroll deductions, the CFC opened wide the door to more opportunities for generous giving to literally hundreds of worthy causes. The CFC is the only authorized solicitation of employees in the Federal workplace on behalf of charitable organizations. Annually, it solicits approximately 21,000 employees in the local area and nearly 4 million employees nationally from the postal, military, and civilian branch. The Combined Federal Campaign currently is made up of over 300 local campaigns. The Office of Personnel Management's Office of CFC Operations has the overall responsibility for the setting policy and overseeing the national structure of the CFC. It reviews and provides guidance and technical advice on regulations, and has the authority to conduct compliance audits on any CFC local campaign fiscal records. Each campaign is directed by a Local Federal Coordinating Committee (LFCC) comprised of members of local Federal interagency organizations that acts as a "Board of Directors" for the local campaign.

**II. PURPOSE**

The purpose of this Memorandum of Understanding (MOU) between the Northeast Ohio Combined Federal Campaign Local Federal Coordinating Committee and the Principal Combined Fund Organization (PCFO) for the 2005 and 2006 campaign periods is to establish the formal working relationship in managing the Combined Federal Campaign (CFC) and establish the groundrules for accountability.

**III. SCOPE OF AUTHORITY**

The PCFO shall conduct CFC Campaign support operations during the campaign year in accordance with the agreed upon goals for pledge support, campaign management support, campaign marketing, CFC applications processing, reporting, and financial accounting. The geographical boundary is defined by the LFCC and the Office of Personnel Management. The campaign year commences upon MOU signing, and is complete only after all audited financial statements are reviewed, and compliance assessment reports are finalized and approved by the LFCC.

Complete copies of all CFC regulations and memoranda may be downloaded from [www.opm.gov/cfc](http://www.opm.gov/cfc). Title 5, Code of Federal Regulations § 950.104 authorizes the LFCC to solicit applications from federations, charitable organizations, or combinations thereof to serve as the PCFO; and to select a PCFO to act as its fiscal agent and campaign coordinator for the CFC.

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Title 5, Code of Federal Regulations § 950.105 outlines the responsibilities of the PCFO. CFC memoranda are also used to provide guidance to LFCCs and PCFOs. CFR § 950.102(c), 103(b), 105(e), 603, and 403 govern the PCFO's reporting relationships with the LFCC and OPM. The LFCC is authorized to govern the conduct of the CFC and is responsible for overseeing the performance and accountability of the PCFO. However, the Director of OPM, is the final authority in interpretation of regulations and program policy. Nothing in this MOU shall be construed to limit or otherwise affect the authority of the LFCC, and the Office of Personnel Management, as established in Title 5, Code of Federal Regulations, § 950.

**IV. OBJECTIVES**

To the extent consistent with the LFCC and PCFO authority, the LFCC and PCFO agree to accomplish the following objectives:

1. Support the federal government in managing a comprehensive local workplace fundraising campaign while ensuring the fiscal integrity, accountability, and transparency of the process.
2. Conduct an effective and efficient campaign in a fair and even-handed manner.
3. Heighten awareness, increase participation, and educate the federal community on community needs.

**V. RESPONSIBILITIES OF THE PCFO**

**1. Specific statement of work**

Tasks definitions are presented below in six major categories: Financial Accountability, Pledge Support, CFC Applications Support, Campaign Management Support, Campaign Marketing, and Reporting.

**a. Financial Accountability**

The PCFO agrees to maintain a system of records that insures the integrity and accountability of all funds administered in support of the CFC program. To meet this objective the PCFO shall, in accordance with CFC regulations:

- Honor employee designations by ensuring that funds are distributed to recipient organizations pursuant to regulatory guidelines, and that necessary controls are established to maintain accountability and disclosure.

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- Distribute undesignated funds to all organizations in the brochure in the same proportion that they received designations.
- Maintain a detailed schedule of PCFO actual CFC administrative expenses.
- Maintain CFC financial records and interest-bearing bank accounts separate from the PCFO's internal organizational financial records and bank accounts.
- Maintain all financial records and bank accounts pursuant to generally accepted accounting principles.
- Implement necessary controls to insure that interest earned on all CFC accounts is distributed in the same manner as undesignated funds.
- Submit to the LFCC an audit of collections and disbursements no later than September 15<sup>th</sup> for each campaign managed in which the last disbursement is made. The audit must be performed by an independent certified public accountant pursuant to generally accepted auditing standards and OPM guidance. (Note: the Audit Guide can be accessed from the CFC Operations website ([www.opm.gov/cfc](http://www.opm.gov/cfc)).)
- Absorb the cost of any reprinting of campaign materials due to the PCFO's noncompliance with these regulations, embezzlement, or loss of funds. The PCFO must also absorb campaign costs exceeding 110 percent of the approved budget unless any overage is approved by the Director of CFC Operations at OPM.
- Prepare and maintain a line item budget that details all estimated costs required to operate the CFC. The budget must contain sufficient details for the LFCC to understand the cost associated with operating CFC. Major budget categories must include itemized salaries, supplies, rental and maintenance of equipment, printing and artwork, promotion and public events, special events, and staff and volunteer development services, including direct variable costs, and direct and indirect fixed costs. See Exhibit A for details on itemized budget categories. The budget must be prepared based on projected expenses and not based on a percentage of the funds raised in the campaign.

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**b. Pledge Support**

The PCFO must also provide pledge support for the campaign. The PCFO shall:

Provide training for campaign representatives, coordinators and keyworkers. Keyworkers should be trained to check to ensure the pledge card is legible on each copy, verify arithmetical calculations, and ensure the block on the pledge card concerning the release of the employee's name and address is appropriately and completely filled out.

- Prepare the annual pledge card and brochure consistent with the regulations and OPM instructions. Submits all campaign materials to the LFCC for approval in accordance with predefined schedules.
- Work with agency campaign officials to ensure no employee is coerced in any way regarding participation in the campaign or questioned as to his or her designation or its amount.
- Maintain donor privacy and honors employee requests that their names not be released to organization(s) that they designate.
- Support Government actions to provide electronic pledge processes to employees. Support will include production of an electronic brochure file in predefined format of campaign's local listing.

**c. CFC Applications Processing Support**

At the discretion of the LFCC, the PCFO may support the LFCC in processing applications for participation by local charities in the Combined Federal Campaign. The PCFO will not determine the eligibility of local organizations that apply to participate in the local campaign. The eligibility determination is the exclusive responsibility of the LFCC, and may not be delegated to the PCFO. However, tasks performed by the PCFO in support of this process may include:

- Assist in the dissemination of information regarding the solicitation of applications.
- Support development of local instructions and forms to assist charitable agencies applying for participation in the CFC.
- Assist the LFCC in the screening of applications for completeness.

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**d. Campaign Management Support**

The PCFO will provide support to the LFCC in many CFC campaign management functions, which include:

- Identifying a senior agency official to serve as the Campaign Chairperson.
- Identifying and soliciting loaned executives from local federal agencies to assist in the campaign.
- Establishing a network of employee key workers and volunteers in local federal agencies to carry out the campaign.
- Ensuring that, to the extent reasonably possible, every employee is given the opportunity to participate in the campaign.
- Maintaining records of meetings and activities performed in support of the CFC.
- Providing a planning calendar that identifies key campaign events and milestones, such as:
  - a. Major campaign events and meetings
  - b. National and regional workshops and conferences,
  - c. Release of information and reports required by regulation and this performance agreement,
  - d. Review and update of agency account profiles,
  - e. LFCC review of donor recognition awards,
  - f. Planned agency head visits,
  - g. Interviewing of prospective Loaned Executives,
  - h. LFCC review of campaign materials, i.e., pledge card, Contributor's Guide, posters, donor recognition awards, reports, invitations, and "thank you" items, etc.,
  - i. LFCC review of training materials for Loaned Executives, Coordinators and Key workers, Campaign events such as the Kick Off and Final Event,
  - j. Publication and distribution schedule for campaign materials to participating federal agencies,
  - k. Training schedule for Loaned Executives, Coordinators and Key workers,
  - l. Web site design, development and/or updates.
  - m. Reporting and allocation of contributions.

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**e. Campaign Marketing**

The PCFO will be responsible for certain campaign marketing activities. These may include but are not limited to:

- Design and implementation of CFC awards programs, which are accessible to all employees, subject to the LFCC's approval.
- Support over 100 pledge activities associated with campaign as defined by the LFCC or appropriate agency contact to include but not limited to:
  - Retreats
  - Workshops
  - Training
  - Agency Fairs
  - Special Events
  - Meetings
  - Kickoffs
  - Socials
- Identify and support scheduling of locally, regionally, or nationally recognized individuals to serve as keynote speakers or presenters at special CFC events including, but not limited to, the CFC Kick Off Event and Award Celebration Ceremony.
- Provide federations and agencies the opportunity to offer suggestions related to the operation of the campaign, printed materials, and training.
- Design, develop, and submit to the LFCC for approval prior to publication all campaign promotional materials.
- Design, develop, and submit to the LFCC for approval prior to publication the CFC training materials for the Loaned Executives and Coordinators/Key Workers.
- Design, develop, and submit to the LFCC for approval a web based CFC site. The web site should meet the minimum standards as provided for by the Office of CFC Operations.

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**f. Reporting**

The following reports must be submitted from the PCFO to the LFCC. Note all campaign records, including reports, must be retained a minimum of three campaign years. The reports include:

- Summary report- campaign performance results using the [Online Form 1417](#) posted on the CFC website at [www.opm.gov/cfc](http://www.opm.gov/cfc). The 1417 must be completed by 1 March. Additionally, interest earned on the bank accounts used to deposit CFC contributions must be reported on the OPM Form 1417.
- Monthly report- provide to the LFCC management information reports describing the campaign results including absolute, statistical, and comparative data monthly during the campaign and as needed, thereafter. Such information must include at a minimum the following data:
  - a. Agency identification information,
  - b. Current year and if possible three additional years of information for:
    - 1. Number of employees,
    - 2. Number of donors,
    - 3. Percentage of participation,
    - 4. Total amount pledged/contributed,
    - 5. Percentage change in giving,
    - 6. Per capita gift,
    - 7. Average gift,
    - 8. Number of leadership donors, and
    - 9. Amount pledged by leadership donors.
    - 10. Summary information for the items above
- Documents or information requested by the LFCC and/or the Director, CFC Operations, OPM, with 10 calendar days of the receipt of that request.
- Support the LFCC oversight responsibilities by convening sessions to support milestone progress reports of the campaign's compliance with CFC regulations and OPM guidance on an annual basis. The LFCC will ensure, with PCFO support, all campaigns submit the compliance assessment documents to OPM by September 15 of each year.
- Respond, in a timely and appropriate manner, to reasonable inquiries from participating organizations.

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- Report donor information to recipient organizations.
- Maintain and report CFC donor designations to receiving organizations apart and separate from other funding sources so as to ensure that CFC funding is uniquely identifiable and reconcilable.
- Provide to the LFCC a detailed report of actual CFC administrative expenses with, to the extent possible, itemized receipts. The expenses report must be in a format that can be reconciled with the PCFO's budget submitted pursuant to the campaign plan. The report of actual CFC administrative expenses must be provided to the LFCC [insert periodic submission date; e.g. monthly, quarterly, semi-annually] with a final report for LFCC approval prior to the final payment to participating charities at the end of the each campaign.
- Provide to the LFCC a copy of the PCFO notice to federations and organizations of the amount designated, if any, and the amount allocated from undesignated contributions by March 15.
- Provide to the LFCC a copy of the notice to federations and organizations of the initial disbursement or affidavit indicating that the initial disbursement occurred by April 1<sup>st</sup> and monthly thereafter for campaigns with receipts greater than \$500,000 or by June 1 for campaigns with receipts of \$500,000 or less, and quarterly thereafter.
- Provide to the LFCC a comprehensive list of campaign awards and incentives, the amount to be purchased, and cost for next year's campaign; and an accounting of the awards and incentives used in the last CFC campaign including the amount distributed and the surplus amounts.

**VI. TERM**

This MOU shall take effect on the date of signature of both parties, and will remain until the completion of the campaign year. The campaign year commences upon MOU signing, and is complete only after all funds have been distributed, audited financial statements are reviewed, and compliance assessment reports are approved by the LFCC.

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**VII. AMENDMENT**

This MOU may be amended in writing and at any time by mutual agreement of the LFCC and PCFO.

**VIII. KEY PERSONNEL**

The PCFO will be responsible for the recruitment and hiring of qualified personnel. Key personnel are considered essential to the work hereunder. The PCFO shall not remove, replace, or reassign key personnel without a written authorization from the LFCC Chair. In the event that a substitution is required, each proposed individual must have similar qualifications of the person being replaced. The PCFO shall submit a request prior to the substitution to the LFCC for evaluation; along with a resume and explanation of the reasons for the proposed substitution.

**IX. CONFLICT OF INTEREST**

LFCC members may not serve in any official capacity on the board of directors of any organization that serves the local CFC as its PCFO. 18 U.S.C. § 208(a) prohibits an officer or employee of the executive branch from participating *as a government official* in any particular matter in which an organization he or she is serving as officer, director, trustee, general partner or employee has a financial interest. This includes service on a board of an outside, non-profit agency. In the past, PCFOs have offered board membership to LFCC members as an acknowledgment of the relationship between the two organizations. It is specifically because of this acknowledgment that an inherent conflict exists. LFCC members may serve on boards to non-profits only if their membership is an acknowledgment of an individual's personal efforts, interests or community ties. But even then a Federal employee must recuse himself or herself on matters related to their Federal employment.

**X. TERMINATION**

If the Director of OPM or LFCC Chair finds the PCFO has mismanaged funds or finds that the PCFO has failed to manage and disburse donor contributions honestly, prudently and in accordance with donor intentions and CFC regulations, the PCFO will be considered for disqualification from future services. As defined in 5 CFR 950.403 of CFC regulations, a disqualification as a PCFO may only be imposed after a hearing on the record and written communication of the decision.

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**XI. TRANSITION PLAN**

If a transition occurs to a new PCFO from the incumbent, a plan for transitioning of responsibilities will be agreed to by the LFCC, the current incumbent, and the new PCFO. The essential elements of the plan should include a synopsis of outstanding issues, along with transfer of all government issued data bases and current campaign year financial status, donor pledge data, and any undistributed funds.

**XII. REQUIRED STATEMENTS AND CERTIFICATIONS**

The PCFO hereby certifies the following required statements and pledges by the PCFO Executive Director's signature:

- a. The PCFO will administer the CFC fairly and equitably
- b. The PCFO will conduct campaign operations such as training, kick-off and other events, and fiscal operations, such as banking, auditing, reporting and distribution separate from the applicant's non-CFC operations.
- c. The PCFO will abide by the directions, decisions, and supervision of the LFCC and/or Director.
- d. The PCFO acknowledges they are subject to the potential sanctions of §950.403 and §950.603.
- e. The PCFO acknowledges they are subject to the provisions of §950.202 and §950.203.

**XIII. POINTS OF CONTACT**

Points of Contact for this MOU are:

LFCC:

Michael W. Goin, Executive Director  
1240 East Ninth Street, Room 355  
Cleveland, Ohio 44199

PCFO:

TBD

**XIV. ACCEPTANCE**

The undersigned parties hereby accept the terms of this MOU:

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2005 LFCC Chair  
1240 East Ninth Street.  
Cleveland, OH 44199

Date

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PCFO Director

Date